

## CREDIT AND DEBT MANAGEMENT OPERATING STANDARDS AND PROCEDURES HANDBOOK

### CHAPTER 9. DELINQUENCY FOLLOW-UP

#### Section 1.0 General

The purpose of this chapter is to establish loan delinquency follow-up practices that:

- o Ensure fair but aggressive collection of all receivables; and
- o Protect the value of the Federal Government's portfolio.

This chapter also provides follow-up guidance on collection of non-loan receivables as outlined in Section 5.0 of this chapter.

An organization unit may follow procedures which differ from those in this chapter only if approval of alternative procedures has been granted in writing by the Director, ~~for Finance and Federal Assistance (OFFA)~~ **Office of Financial Management (OFM)**. Any request for authority to deviate from these procedures must be submitted to the Director, ~~OFFA~~ **OFM**, and be accompanied by the proposed alternative in detail. ~~Approved changes will be established as a supplement to this directive by the requesting organization unit.~~

The specific debt collection requirements and time limits for collection of delinquent debts in this chapter may not apply if there are other statutory or regulatory requirements that organization units must comply with in determining the amount of debt owed the Department. However, once the amount of a debt is finally determined under other existing Department regulations or statutory requirements, Department collection procedures will apply to organization units.

**The Debt Collection Improvement Act of 1996 (<http://www.fms.treas.gov/debt/dcia.html>) requires that agencies transfer any non-tax debt or claim owed to the United States that is 180 days delinquent to the Department of the Treasury (Treasury) for appropriate action to collect or terminate collection on the debt or claim. Debt that is in litigation or foreclosure, with a collection agency or designated Federal debt collection center, or that will be disposed of under an asset sales program, is exempt from transfer.**

**Treasury attempts to collect delinquent debt through several means, including demand letters, telephone calls, credit bureau reporting, the Treasury Offset Program, and private collection agencies (PCAs).**

~~A functional layout of the steps to be taken in the delinquency follow-up process is provided in~~

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~~Exhibit 9-1.~~

Section 2.0 Identification of Delinquencies

A loan repayment or other debt is considered delinquent when it is not paid either by the date specified in the applicable loan agreement or other contractual agreement or by the date specified on the initial written notification of the debt, unless other satisfactory repayment arrangements have been made by that date. Delinquency would also occur if, at any time thereafter, the debtor fails to satisfy the obligations under such repayment arrangements made with the organization unit.

For loans or other written contractual agreements, if the debtor fails to pay a debt by the date specified in the applicable loan agreement or contract, it is considered delinquent and interest will accrue as of the payment due date.

For general or trade receivables, if the debtor fails to pay a debt by the date specified on the billing document, it is considered delinquent and interest will accrue as of the day that notification of the amount due was first mailed to the debtor.

For loans, within five working days of the occurrence of the delinquency, the accounting or finance officer will notify the loan officer, by written notification, of the delinquency. For debts related to grants, cooperative agreements, and contracts, the finance officer(s) will notify the appropriate program official in writing within ten (10) days after the receivable becomes delinquent. ~~Delinquencies of loans and accounts receivable will be reported to the manager of the Debt Management Data Base on the next reporting cycle (see Appendix B).~~

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**Section 3.0 Credit Bureau Reporting**

**Office of Management and Budget (OMB) Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables,"** (<http://www.whitehouse.gov/OMB/circulars/a129/a129.html>) and **OMB and Treasury's "Guidelines on the Information to be Provided to Credit Reporting Bureaus,"** provide guidance to Federal agencies on referring debt information to credit reporting bureaus. The use of credit reporting services is expected to: (1) provide an incentive for delinquent debtors to repay Government debts by making these debts part of their credit records, and (2) enable other agencies to improve the quality of their credit, contract, and grant decisions by taking into account the financial status and reliability of current and prospective contractors and financial debtor applicants.

Departmental organization units are to provide certain information to private sector credit bureaus on commercial and delinquent consumer debts. To enter into a Memorandum of Understanding with a credit bureau to provide credit information, the organization unit should contact Treasury's Risk Management Division at 202/874-6875.

A listing of approved credit report contractors for obtaining credit reports can be found at GSA's website: <http://www.fss.gsa.gov/services/bis/awarded-cont.cfm>.

**Section ~~3~~4.0 Loan Officer Follow-Up**

**.01 Action Plan**

Upon receipt of the delinquency notification, the organization unit's loan officer will develop an appropriate follow-up plan, including phone calls, site visits, and letters. The loan officer will also obtain a commercial credit report, a Securities and Exchange Commission 10K Report, and other appropriate financial information on the business and compare such information with the most recent financial reports submitted by the borrower.

**.02 First Demand Letter**

The loan officer will send (or request that the finance or accounting officer send) the first of three progressively stronger written demands for payment. The first demand letter will be sent within ten (10) calendar days of the date the debt became delinquent. (See

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**Exhibit 9-1 for s**Suggested dunning letters.) ~~contained~~

~~in Appendix I.~~

If direct telephone contact is made with the borrower or an on-site visit is performed resulting in a repayment agreement, demand letters need not be sent. However, organization units should be aware that certain collection and reporting actions require written notification to delinquent debtors. Actions for which notification is required include reporting delinquent consumer debtors to credit reporting bureaus, administrative and salary offset, and referral of delinquent consumer debts to ~~private sector debt collection agencies~~ **Treasury for cross-servicing.**

**The Debt Collection Improvement Act of 1996 requires Treasury to maintain a schedule of private sector companies, having expertise in the area of debt collection, to assist the Government in its debt collection efforts. Treasury attempts to collect delinquent debt through several means, including demand letters, telephone calls, the Treasury Offset Program, credit bureau reporting, and PCAs. Once Treasury has exhausted efforts to collect the debts internally, the debts are sent to PCAs for collection that agencies transfer delinquent debt to Treasury for cross-servicing. For more information see <http://www.fms.treas.gov/debt/dmpca.html>.**

**Bureaus may send delinquent debt to Treasury for referral to private collection agencies prior to being 180 days delinquent. This method is referred to as the “pass through.” Under this method Treasury will not provide any of the services cited above.**

.03 Second and Third Demand Letters

The loan officer will send (or request that the finance or accounting officer send) the second and third progressively stronger written demands. The second demand letter will be sent no later than 30 calendar days after the first. **This second demand letter could also be used as the Notice of Intent, as required under the *Debt Collection Improvement Act of 1996*, incorporating the actions which may be taken to enforce recovery of a delinquent debt.**

**This letter will constitute the sixty day due process letter required under the Debt Collection Improvement Act of 1996 (DCIA). This letter must inform the debtor of the amount and nature of the debt (such as overpayment, etc.), and**

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**actions which may be taken to enforce recovery of a delinquent debt. These actions include:**

- \$ offset of any payment which the due, including tax refunds, and salary.**
- \$ referral of the debt to a private collection agency.**
- \$ referral of the debt to the Department of Justice or agency counsel for litigation.**
- \$ reporting of the debt to a credit bureau.**
- \$ reporting of the debt, if discharged, to the Internal Revenue Service as potential taxable income.**

The third demand letter will be sent no later than 30 calendar days after the second **and may reiterate the information contained in the second demand letter**. The demand letters will be separate from any billing statements due to be sent by the accounting or finance office.

**A s** Suggested dunning letters for the second and third notifications are **as shown in Exhibit 9-2** contained in Appendix I and includes: (1) the debt collection actions to be taken if the account is not brought current or paid in full, whichever may be appropriate; and (2) the legal notification requirements to the debtor in regard **to referral of the debt to Treasury for cross-servicing** credit bureau reporting, referral to collection agencies, and administrative or salary offset.

**.04     Transfer to Organization Unit Workout Group**

At the end of the first 90 days of delinquency, or sooner if conditions warrant, the loan officer will forward any unresolved loan debts, including all material in the official loan file, to an organization unit workout group for further action (see Chapter 10, Section 4.0, paragraph a., of this Handbook for conditions that might warrant accelerated referral to a workout group). As part of the assignment to the group, a case summary will be prepared by the loan officer considering the appropriate facts of the case and the assessment of collectibility. A report must be submitted by the loan officer to the organization unit's debt management officer explaining why any unresolved loan has not been forwarded to a workout group. The report will provide a target date when the loan will be referred. In no instance will the delay by the loan officer in referring the debt to the workout group exceed 30 days. Any deficiencies in this requirement will be immediately brought to the attention of the organization unit head.

The above 90 day requirement for referral of delinquent debts to a workout group may

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be changed if an organization unit makes a determination that such a period is too short a time for field staff to follow-up on delinquent debts. However, extension of the time limit must be included in an organization unit's delinquency

follow-up procedures, and these procedures must be approved by the Director, ~~OFFA~~ **OFM**.

### Section 45.0 Workout Group Follow-Up

#### .01 Workout Group Action Plan

The organization unit workout group(s) attempting to resolve a delinquent loan will develop a follow-up plan including phone calls, site visits, restructuring, **legal referral, foreclosure,** and written correspondence. Additional credit report(s) will be obtained on the delinquent debtor, if necessary. The workout group(s) will decide whether the account should be referred to a private sector collection contractor (~~see Appendix C~~) (<http://www.fms.treas.gov/debt/dmpca.html>).

All delinquent accounts, which do not involve the liquidation of assets or which are to be submitted to the Department of Justice for litigation, ~~should be referred to GSA-approved collection agencies designated for collection of the particular category of debt involved~~ **shall be referred to Treasury for cross-servicing** after the debt has been delinquent one hundred twenty (~~120~~) **180** days. **Earlier referrals can be made, if circumstances warrant it.**

For loan debts that involve collateral, referral to collection agencies should take place no later than 180 days past due. These time periods are suggested because collection agencies generally work the account for approximately six months and the Department of Justice requires delinquent accounts to be submitted for litigation within one year of delinquency. Assessment will also be made of any possibilities of administrative offset of the debt owed from other Government payments due the delinquent debtor as well as the cost-effectiveness of the follow-up plan to ensure that collection costs do not exceed the value of the outstanding balance of the debt.

#### .02 Resolution Period

When an unresolved loan has been with the organization unit workout group(s) for 20 days and no determination/recommendation has been made, the workout group(s) will submit a report to the organization unit head stating what actions have been taken to

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date and what actions are planned which will resolve the problem loan within the next 30 days. In the event the debtor refuses to cooperate in repayment of the loan, or other legal action is deemed necessary, the workout group will forward the loan to **for** litigation and report this action to the accounting or finance officer.

The workout group(s) will also report to the accounting or finance officer, by loan case number, the dollar values of cases that ~~go to liquidation~~ **are forwarded for collection, legal action, foreclosure** and/or to be scheduled for write-off.

### .03 Other Actions

The organization unit workout group(s) will monitor the progress of the various actions by monthly summaries and periodic meetings to decide time-sensitive servicing actions. In consultation with the accounting or finance officer, the organization unit workout group(s) will provide loss estimates so that the accounting or finance office may establish a reserve for uncollectible debts at the beginning of each fiscal year. Losses will be written-off against this reserve. All write-offs will be cleared with the organization unit workout group(s) with the concurrence of legal counsel and will comply with all other applicable statutory requirements for writing off receivables (see Chapter 10).

## Section 56.0 Non-Loan Debts

Follow-up procedures and workout group responsibilities for debts other than loans will be basically the same as those for delinquent loans receivable outlined in Sections 2.0 through 4.0, above. As with loans, non-loan debts are to be referred to the organization unit workout group(s) **and reported to the credit bureaus**.

### .01 Debts Related to Grant, Cooperative Agreement, and Contract Activity

The accounting or finance office will notify the appropriate program office in writing within ten days after the receivable becomes delinquent. The accounting or finance office will also send the first demand letter within ten days of the delinquency date, and if necessary, will send the second and third demand letters at 30 day intervals after the first letter. After the account is delinquent for 90 days, the debt will be referred to the workout group(s). The workout group(s) will obtain current credit report information and determine if administrative offset is a feasible option.

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### .02 Debts Related to General or Trade Accounts Receivable

The accounting or finance office will send the three demand letters including any notification requirements for credit bureau reporting. After the account is delinquent for 90 days, the debt will be referred to the organization unit workout group(s). The workout group(s) will determine whether collection agency referral is necessary or whether action should be taken by the organization unit via administrative or salary offset. The workout group(s) will ensure that complete notification requirements have been provided to the debtor prior to taking the above collection actions.

### .03 Employee-Related Debts

Salary offset is the process of collecting certain debts by deducting, in one or more pay periods, all or part of the debt from the ~~Federal~~ **disposable** pay of a current Federal employee who is indebted to the Department or all or part of the debt from the ~~Federal~~ **disposable** pay of a current Department employee who is indebted to another Federal agency. This deduction does not require the employee's consent. (**See:** [http://www.access.gpo.gov/nara/cfr/waisidx\\_99/15cfr22\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx_99/15cfr22_99.html).)

~~Salary offset is used for the collection of all debts unless collecting the debt is specifically provided for by administrative offset methods (i.e., travel advances, 5 U.S.C. 5705, and employee training expenses, 5 U.S.C. 4108)~~

The ~~accounting or finance~~ **servicing payroll** office or the personnel/ payroll office (if the debt is salary-related) will send the employee a bill specifying that payment be made within 30 days of the billing date. If payment is not made within this 30 days, a written Notice of Intent will be sent to the employee explaining the Department's intention to collect the debt by means of salary offset until the debt and all accumulated late charges are paid in full. An explanation of the Department's requirements concerning interest, penalty, and administrative charges as well as the amount, frequency, approximate beginning date, and duration of the intended deductions must be given in the Notice of Intent. An explanation of the employee's rights concerning the inspection of records relating to the debt and the employee's right to a hearing must also be given.

If repayment is not made or if an agreement to alternative arrangements for repayment has not been reached within 30 calendar days after the Notice of Intent, deductions to liquidate an employee's debt will begin by the method and in the amount stated in the



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Notice of Intent. If the employee filed a timely petition for a hearing, deductions will begin only after the hearing official has provided the employee with a hearing and a final written decision has been rendered in favor of the Department.

~~Refer to Personnel/Payroll Processing Note #86, "Collection of Outstanding Travel Advances, Travel Overpayments, and Non-Payroll Indebtedness" for a description of the role of personnel offices in the collection of monies from employees and former employees for outstanding debts owed the U.S. Government. The procedures contained in Personnel/ Payroll Processing Note #86 supplement the requirements of DAO 202-555, "Debt Collection by Salary Offset." It also complies with 15 CFR 21 dealing with administrative offset (see Appendix E of this Handbook) and 15 CFR 22 dealing with salary offset(see Appendix L of this Handbook).~~

**Requests for salary offset should be directed to the indebted employee's servicing personnel office.**

### .04 Other Debts Related to Loans

Payments made by organization units to protect the Government's interest in a loan (such as those cited in Chapter 8, Section 6.03) should be considered a part of the loan project and should be handled in conjunction with the subject loan.

It is incumbent upon the workout group(s) to pursue these debts to the degree warranted by cost-effective collection action, as well as to ensure that these delinquent debts are referred to private sector collection agencies after 120 days and no later than 180 days of the date that they became delinquent, or to the Department of Justice for litigation as required in Chapter 10 of this Handbook. The appropriate action to be taken in these cases will be determined on the basis of the amount due and the ability of the debtor to repay the debt.

### .05 Due Process Procedures

There are formal due process procedures for certain debtors who dispute amounts owed or due the Department. Such formal procedures have been established for loans, administrative and salary offsets, and audit disallowances related to grants. **For**

**administrative offset see:**

[http://www.access.gpo.gov/nara/cfr/waisidx\\_99/15cfr21\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx_99/15cfr21_99.html); **for salary offset see** [http://www.access.gpo.gov/nara/cfr/waisidx\\_99/15cfr22\\_99.html](http://www.access.gpo.gov/nara/cfr/waisidx_99/15cfr22_99.html).

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For other debts, such as general or trade accounts receivable, the following due process procedures will be followed:

Appropriate written demands shall be made promptly upon a debtor of the United

States in terms which inform the debtor of the basis for the indebtedness, the amount due, and the opportunity to review, comment and present information concerning the debt. In the event the debtor disputes the amount of the debt, requests for review and comment must be submitted by the debtor within 30 days from the date of the initial billing or demand for payment. Bureaus must respond promptly to communications from the debtor, within 30 days whenever feasible, and should advise a debtor who disputes a debt to furnish available evidence to support his/her contentions. The debtor shall be provided with a reasonable time period to present evidence that he/she does not owe the amount claimed.

### Section 6.0 Legal Counsel and Workout Group Activity Reports

#### **01. Reports to Office of Financial Management (OFM)**

**The accounting office of the organization unit will submit a monthly report to OFM showing the number and dollar value of accounts transferred to Treasury's Debt Management Services for cross-servicing.**

**The accounting office of the organization unit will also reconcile the monthly report received from DMS and provide a copy of the reconciliation on a quarterly basis to OFM.**

#### **.01 — Referrals to Workout Group**

~~To enable organization units to submit reports as required in Chapter 11 of this Handbook, workout group(s) will be responsible for submitting to the appropriate accounting or finance office quarterly activity reports on workout group activity.~~

~~The report will include information on referrals to the workout group(s), including activity on liquidations, administrative offsets, salary offsets, and income tax refund offsets (see Appendix M). The information will be shown by accounts and loans receivable and will include:~~

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- a. ~~Opening balance at beginning of period—number of accounts and dollar value pending with the workout group(s);~~
- b. ~~Total number and dollar value of delinquent accounts referred to the workout group(s) during the period;~~
- c. ~~Total number and dollar value of accounts resolved by the organization unit~~
- d. ~~workout group(s) during the period; and~~
- d. ~~Outstanding balances at end of the period—number of accounts and dollar value pending with the workout group(s);~~

~~The report will be submitted within five (5) days of the end of the fiscal quarter. The reporting requirements and suggested report formats are provided in Chapter 11 of this Handbook.~~

~~.02      Referrals to Legal Counsel and the Department of Justice~~

~~Agency counsel will be responsible for submitting to the appropriate organization unit head (with a copy to the appropriate accounting or finance office) quarterly activity reports on referrals to agency counsel as well as referrals by that office to the Department of Justice for litigation.~~

- a. ~~The section of the report on referrals to agency counsel will include:~~
  - 1. ~~Opening balance at beginning of period—number of accounts and dollar value pending with agency counsel;~~
  - 2. ~~Total number and dollar value of accounts referred to agency counsel during the period;~~
  - 3. ~~Total number and dollar value of accounts resolved by agency counsel during the period; and~~
  - 4. ~~Ending balance with agency counsel—number of accounts and dollar value pending with agency counsel.~~
- b. ~~The section of the report on referrals to the Department of Justice for litigation;~~

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~~compromise, or termination of collection action will include:~~

- ~~1. — Opening balance at beginning of period— number of accounts and dollar value pending with the Department of Justice;~~
- ~~2. — Total number and dollar value of accounts referred to the Department of Justice during the period;~~
- ~~3. Total number and dollar value of accounts resolved by the Department of Justice during the period; and~~
- ~~4. — Ending balance with the Department of Justice— number of accounts and dollar value pending with the Department of Justice.~~

~~The report will be submitted by the agency counsel to the appropriate organization unit head, with a copy to the appropriate accounting or finance office, within five (5) days of the end of each quarter. The suggested report format is provided in Chapter 11 of the Handbook.~~

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~~Exhibit 9-1~~ **DELETE**

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Exhibit 9-1

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**FIRST DEMAND LETTER**

**DATE**

**CUSTOMER ID NO:**

**INVOICE NO:**

**PRINCIPAL:**

**INTEREST:**

**ADMINISTRATIVE CHARGES:**

**PENALTY CHARGES:**

**BALANCE OWED:**

**REQUIRED PAYMENT:**

**DUE DATE:**

**Customer Name**

**Address**

**City, State Zip Code**

**Dear Sir:**

**Our records show that we have not received payment for the above-referenced invoice.**

**If payment is not received, the Debt Collection Act of 1982 authorizes Federal Government agencies to report information pertaining to the debt to a private sector credit reporting bureau 60 days from the date of this letter. In addition, the Act authorizes Federal Government agencies to disclose delinquent account information to private sector debt collection agencies for the purpose of collecting delinquent debts. If this action is taken, you will be liable for collection fees incurred by the private sector debt collection agency. If you are a current or former Federal employee, action may be taken to offset your salary or civil service retirement benefits.**

**To avoid additional charges and satisfy your debt, send payment in full payable to:**

**Department of Commerce**

**Bureau Name**

**Address**

**City, State Zip Code**

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**In submitting payment or correspondence, please provide a current return address and telephone number.**

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**Payment in full is considered the balance owed as shown above. If payment is not received within the current 30 day period, interest will continue to accrue for each 30 day period and a charge of \$25.00 will be assessed to cover administrative costs of handling the account. If you wish an explanation of this debt, an opportunity to dispute any information in our records, or an administrative review of your debt, you must notify me in writing. Your request must be postmarked or received by me no later than 30 days after the date of this letter. If you have already made this payment, please disregard this letter.**

**Should you have any questions relating to the repayment of this debt, I can be reached on (telephone number).**

**Sincerely,**

**Bureau Contact Person**



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Debtor  
Address

Re: Amount Owed

Date debt became past due:

Date of this letter of notice:

Dear

You have not paid the amount you owe (Bureau). This indebtedness owed to (Bureau) arises out of, or is based upon (\_\_\_\_\_). If you do not pay your debt or take other action as described below before (date 60 days from date of this letter), (Bureau) will submit your debt to the Department of the Treasury's (Treasury) Treasury Offset Program for administrative offset until all the debt and all accumulated interest and other charges are paid in full. (Bureau) will also transfer your debt to the Treasury's Debt Management Service for collection action. (Bureau) will continue to add interest, penalties, and other charges to your unpaid debt in accordance with the provisions of 4 Code of Federal Regulations 102.13. Treasury will add a fee of 18% to 28% to your debt.

**TREASURY OFFSET PROGRAM (TOP):** Once your debt is submitted to the TOP, Treasury will reduce or withhold any of your eligible Federal payments by the amount of your debt. This process, known as "offset" is authorized by the *Debt Collection Act of 1982*, and the *Debt Collection Improvement Act of 1996*. Treasury is not required to send you notice before your payment is offset. Federal payments eligible for offset include, but are not limited to, the following:

- C your income tax refunds (see Attachment A for additional information);
- C your Federal salary pay, including military pay (see Attachment A for additional information);
- C your Federal retirement, including military retirement pay;
- C your contractor/vendor payments;
- C certain Federal benefit payments, such as Social Security, Railroad Retirement (other than tier 2), and Black Lung (part B) benefits (when regulations are published); and
- C other Federal payments, including certain loans to you, that are not exempt from offset.

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**TREASURY - DEBT MANAGEMENT SERVICES (DMS):** Once your debt is transferred to DMS, the Treasury will commence with aggressive collection activity which can include the following:

- , offset of any payment due the debtor, including tax refunds and salary.
- , referral of the debt to a Private Collection Agency.
- , refer the debt to the Department of Justice for litigation
- , report the debt to a credit bureau
- , report the debt, if discharged to the Internal Revenue Service as potential taxable income.

Before we submit your debt to the TOP and DMS, we are required to inform you that:

- % you have the right to inspect and copy (Bureau) records related to the debt, as determined by responsible (Bureau) official(s);
- % you have the right to obtain a review within \_\_\_\_\_ days of the initial determination of indebtedness; and
- % you may request to enter into a written repayment agreement with responsible (Bureau) official(s) to repay the debt, including interest, penalties, and administrative costs as determined by (Bureau).

You may contact the following person for explanation of the claim, answers to related questions, and explanation of procedures for inspecting and copying documents:

(Name, address, phone # of point of contact)

To avoid referral of your debt to the TOP for administrative offset and to the DMS for collection, you must do one of the following:

- \* Repay your debt: send a check or money order payable to \_\_\_\_ for the full amount that you owe to the address provided above.
- \* Enter into a written repayment plan: if you are unable to pay your debt in full, you must enter into a written repayment plan that is acceptable to (Bureau). You should submit within 60 days of the date of this letter, a proposed written agreement, signed by you, agreeing to make a delayed lump sum or installment payments to repay the debt in full, and make all payments as required.

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\* Request a review: your request must be postmarked or delivered 60 days from the date of this letter to the address provided above, and explain why you seek a review of the initial determination of indebtedness.

If you make or provide any knowingly false or frivolous statement, representations, or evidence, you may be liable for penalties under the False Claims Act (31 U.S.C. 3729 - 3731) or other applicable statute, and/or criminal penalties under 18 U.S.C. 286, 287, 1001, and 1002, or other applicable statutes.

Unless prohibited by law or contract, any amount paid by you or deducted from your payment(s) for your debt which are later waived or found not owed to the United States, will be promptly refunded.

Sincerely,

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**ATTACHMENT A**

**IF YOU FILE A JOINT INCOME TAX RETURN:**

If you file a joint income tax return, you should contact the Internal Revenue Service before filing your return regarding the steps to take to protect the share of the income tax refund which may be payable to your spouse, who is not a delinquent debtor to the U. S. Government.

**IF YOU ARE OR BECOME A FEDERAL EMPLOYEE:**

Your current net disposable pay is subject to offset if you do not pay your debt or take other action described above. Under the Treasury Offset Program (TOP), the U.S. Treasury will deduct up to 15% of your disposable net pay [specify amounts if known] beginning in the pay period that your debt is submitted to the TOP [specify pay period if known], and continuing every pay period until your debt, including interest, penalties and other costs, is paid in full.

You are entitled to a hearing to dispute the existence or amount of the debt, or the amount of the payroll deduction. To request a hearing, you must file a written request for a hearing no later than [date in accordance with agency's regulations - generally 15 days]. [Specify other agency procedures and debtor's rights, including waiver rights, if applicable]. The timely filing of a petition for hearing will stay the commencement of salary offset proceedings. A final decision on the hearing (if one is requested) will be issued no later than 60 days after the filing of a petition requesting the hearing (unless extended by the hearing official). Written requests for a hearing must be sent to: [request for hearing address].

If you make or provide any knowingly false or frivolous statements, representations, or evidence, in addition to other penalties, you may be subject to disciplinary actions.

If you become a Federal employee after receipt of this letter, you should contact [name and telephone number of agency contact] immediately.

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